



Department of Justice

United States Attorney Gregory K. Davis
Southern District of Mississippi

FOR IMMEDIATE RELEASE
TUESDAY, APRIL 17, 2012
www.usdoj.gov/usao/mss

CONTACT: SHEILA WILBANKS
PHONE: (601) 965-4480
FAX: (601) 965-4409

THREE MISSISSIPPIANS PLEAD GUILTY TO UNEMPLOYMENT INSURANCE FRAUD

Jackson, Miss - Carolyn Smith, 50, of Hattiesburg, Darryl James Dancy, 44, of Hattiesburg, and James Polson, 25, of Laurel, have all pled guilty to wire fraud relating to separate schemes to defraud the U.S. Department of Labor and the Mississippi Department of Employment Security (MDES) in connection with their receipt of unemployment insurance benefits, announced U.S. Attorney Gregory K. Davis, along with Richard Walker, Special Agent-in-Charge of the U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, and Mark Henry, Executive Director of MDES.

The defendants admitted to using interstate wire communications to make false claims to MDES to receive federally funded unemployment insurance benefits but still continued to work and receive wages from some other employer without reporting it to MDES. In response to specific questions each week about work and wages, the defendants admitted that they lied to MDES in order to continue to receive the unemployment insurance payments.

Carolyn Smith admitted that from September 2008 through at least February 2010, she received approximately \$10,298.00 during the time she fraudulently claimed unemployment while she was working at a Hattiesburg hotel but not reporting those wages. The court entered a preliminary order of forfeiture in the form of money judgment against Smith for \$10,298.00.

Darryl James Dancy admitted that from May 2009 through at least June 2010 he received approximately \$14,083.00 during the time he fraudulently claimed unemployment while he was working at a Hattiesburg restaurant but not reporting those wages. The court entered a preliminary order of forfeiture in the form of a money judgment against Dancy for \$14,083.00.

James Polson admitted that from November 2009 through at least February 2010 he received approximately \$9,602.00 during the time he fraudulently claimed unemployment while he was working with a Hattiesburg oil casing crew but not reporting those wages. The court entered a preliminary order of forfeiture in the form of a money judgment against Polson for \$9,602.00.

Smith, Dancy and Polson will be sentenced on June 18, 2012, and face a maximum penalty of 20 years in prison and a \$250,000 fine. Under the federal Mandatory Victim Restitution Act, they also will be required to make full restitution as part of any sentence imposed by the court.

The Federal-State Unemployment Insurance Program provides for unemployment insurance payments to eligible workers. Congress also passed the Emergency Unemployment Compensation Act and The American Reinvestment and Recovery Act (ARRA) which contributes additional federal funding for weekly unemployment payments. Each State administers the unemployment insurance program within guidelines established by Federal law. The Mississippi Department of Employment Security (MDES) administers the Program locally. Similar investigations are ongoing and additional criminal prosecutions are anticipated.

The case was investigated by the U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations with the assistance of the Mississippi Department of Employment Security. The case is being prosecuted by Assistant United States Attorney Carla J. Clark.

###